



Job seekers being interviewed at a job fair in Shanghai. Many multi-national companies are already capitalising on China's increasing supply of skilled manpower. BLOOMBERG

China reshaping global labour market as it moves up value chain

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SINGAPORE — The “Made in China” label conjures up images of cheap goods, blue-collar workers and relatively weak quality controls. But that may soon change as the world’s manufacturing hub develops industries that require skilled manpower, putting Singaporean white-collar workers in closer competition from those from China.

Finance Minister Tharman Shanmugaratnam said recently that the awakened giant is reshaping the global labour market landscape. “And this is going to be a fundamentally new challenge. It’s a reality, we can’t change it, because China is progressing”.

Mr Alvin Liew, economist at United Overseas Bank, agrees that there are parametric shifts in China’s economy. He says: “Given it’s the workshop of the world, they are also moving up the value chain. You do see that happening in many of the production factories in China itself.”

The move up the value chain also means a shift in human capital standards as roles focused on productivity and knowledge require more skilled human capital. But China can count on a large pool of graduates to take up white-collar roles — 7.3 million students will pass out of colleges this year. In fact, between 2006 and last year, China produced more graduates than in the 20 years preceding 2006, according to China’s Education Ministry.

Countless anecdotes have the stereotype of a Chinese worker as being very hardworking with a competitive streak. Dr Bernard Lee, visiting associate professor (practice) at the Singapore Management University, describes Chinese university graduates as being driven.

“I would rank (them) very highly. We really see some extremely talented Chinese graduates in every way and as competitive as Singaporean graduates, if not more competitive,” says Dr Lee.

Mr Pan Zaixian, director of financial services and legal at Robert Walters, adds that English is not as major a handicap as it used to be for emerging talent from China. “English competencies for those in their 20s are even better than those in their 30s.”

And as more people from China be-

come more fluent with the world’s lingua franca, observers say the world can benefit from a supply of top-level expatriate Chinese talent at competitive costs similar to India’s export of IT professionals, particularly in areas such as science and technology.

The demand for skilled manpower has also been partially driven by rising business costs in Chinese coastal cities.

Dr Lee says: “The wage level in China is becoming higher and higher ... Over time, you’re going to have an issue about wage pressure in China versus the cost of labour in other South-east Asian countries.”

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Observers say that less developed economies such as Bangladesh, Vietnam and Cambodia may benefit both as a result of taking over low-cost manufacturing roles and the rising wage levels in China creating cost disadvantages.

Nobel Laureate Michael Spence, who is professor of economics at New York University, believes: “China has dominated low cost manufacturing for the last twenty years and if this exit occurs ... What it will do is create enormous amounts of space for countries that are now at the earlier stages of growth.”

China’s progress into value-added services is likely to be accelerated as it moves away from a manufacturing base, akin to Singapore’s economic development.

Large multi-national companies, such as Ford Motors, are already capitalising on of the huge supply of higher skilled workers in China. Ford has plans to double its white-collar workforce by 2015 in the world’s largest car market.